

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

I. INTRODUCTION

18 Now before the court is Plaintiffs and Counter-Defendants
19 Macy's, Inc. and Macys.com, Inc.'s ("Plaintiffs") motion for
20 partial summary judgment against Defendant and Counter-Claimant
21 Strategic Marks, LLC. ("Defendant"). ECF No. 55 ("Mot."). The
22 motion is fully briefed, ECF Nos. 63 ("Opp'n"), 66 ("Reply"), and
23 appropriate for resolution without oral argument, Civ. L.R. 7-1(b).
24 For the reasons explained below, the Court DENIES Plaintiffs'
25 motion for partial summary judgment.

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1 **II. BACKGROUND**

2 The instant matter arises from Defendant's counterclaims
3 against Plaintiffs for trademark infringement, among other things,
4 based on Defendant's registrations and applications for four
5 service marks, "The Broadway," "The Bon Marche," "Robinson's," and
6 "Abraham & Straus," under the Lanham Act, 15 U.S.C. section 1051 et
7 seq. Defendant has already obtained service mark registrations for
8 "The Broadway," "The Bon Marche," and "Robinson's." ECF No. 56
9 (Decl. of Anthony F. Lo Cicero ISO Mot. ("Lo Cicero Decl.")) Exs.
10 A-C. Defendant's application to register the "Abraham & Straus"
11 mark is pending. Id. Ex. D. All of the service marks at issue
12 here (the "Marks") are names of well-known but now-defunct
13 department stores. See Am. Answer & Countercl. ¶ 15.

14 All four applications were filed as "intent to use"
15 applications pursuant to Lanham Act section 1051(b) and were
16 accordingly accompanied with Statements of Use ("SOU"). Lo Cicero
17 Decl. Exs. E-H. A service mark applicant may begin the
18 registration process under the Lanham Act before using the marks in
19 commerce, provided that the applicant shows a "bona fide intention
20 to use the mark in commerce at a later date." 15 U.S.C. § 1051(b).
21 Such applications are called "intent to use" applications, and
22 registration under these applications is granted if the applicant
23 files a verified statement of commercial use proving eventual use
24 of the mark in commerce. Id. § 1051(d). In general, an applicant
25 may not file a statement of use until the applicant has made use of
26 the mark in commerce on or in connection with all services
27 specified in the notice of allowance. See 37 C.F.R. § 2.88
28 (describing the USPTO's requirements for filing a statement of

1 use).

2 Each of Defendant's SOUs affirms that, per Lanham Act
3 section 1051(b)'s requirements for service mark registration,
4 "[t]he mark is in use in commerce on or in connection with all
5 goods or services listed in the application." Lo Cicero Decl. Exs.
6 E-H. Each SOU also contains a sworn, signed declaration that
7 Defendant "is using the mark in commerce on or in connection with
8 the goods/services identified." Lo Cicero Decl. Exs. E-H.
9 Specifically, each SOU identifies the services for which Defendant
10 claims to be using the Mark as:

11 • retail department store and on-line retail
12 department store services
13 • retail and on-line retail clothing
14 boutiques
15 • retail and on-line clothing stores
16 • retail and on-line retail apparel stores
17 • retail and on-line retail store services
18 featuring clothing and fashion accessories

19 Id. Exs. E-H.

20 Each Mark's application is also accompanied by the requisite
21 Specimen of Use ("Specimen"), which provides proof of how Defendant
22 claims to be using the mark in commerce. Id. Exs. I-L. The
23 Specimens are screenshots taken from Defendant's website, "Retro
24 Department Stores" (RetroDepartmentStores.com). See id. Each
25 Mark's Specimen is a screenshot of that Mark's sub-page, each of
26 which features the Mark on a t-shirt that the visitor can purchase
27 by clicking an "Add to Cart" button, a brief history of the Mark's
28 namesake department store, and, in some cases, a video clip of an
old commercial for that store. See id.

Defendant's business, as described on its website, is meant to
bring back some of "the great department stores of the 20th

1 century" by rebuilding and restoring "well-loved" department store
2 brands, including Robinson's May, The Broadway, The Bon Marche, and
3 Abraham & Straus. Id. Ex. M. Specifically, Defendant described
4 its plan as follows, on Retro Department Stores' "About" page:

5 You'll see these stores first as part of
6 this "nostalgic" virtual mall. Then we plan
7 to branch out with unique accessories at
8 small boutiques, followed by exclusive
9 apparel by up and coming designers, and then
ultimately with actual "Brick and Mortar"
stores throughout the United States with a
full line-up of products.

10 Id.

11 As to the factual dispute that forms the root of the instant
12 motion for summary judgment, Defendant never actually sold any
13 "unique accessories," "exclusive apparel," or other products, and
14 never opened any "small boutiques" or "Brick and Mortar" stores.
15 Plaintiffs claim that these facts render all of Defendants'
16 registrations void. Mot at 9-16. Plaintiff claims that none of
17 Defendant's preparatory activities or other work is sufficient to
18 satisfy the Lanham Act's requirements for "intent to use"
19 applications or use in commerce. See id. Defendant insists that
20 its evidence -- invoices from companies it says it retained to
21 build its website and provide merchandise, deposition testimony as
22 to employees' duties, and correspondence related to its work
23 publicizing its business -- satisfies the Lanham Act's
24 requirements, rendering Defendant's Marks presumptively valid and
25 capable of supporting Defendant's counter-claims against
26 Plaintiffs. See Opp'n at 2-8.

27 Plaintiffs now move for partial summary judgment as to
28 Defendant's counterclaims, arguing that there is no genuine issue

1 of material fact as to the invalidity of Defendant's Marks, thereby
2 rendering unsupportable Defendant's counterclaims for Plaintiff's
3 infringement of the Marks. Mot. at 9. Defendant opposes
4 Plaintiffs' motion, arguing that genuine issues of material fact
5 exist as to the definition of Defendant's services and whether
6 Defendant used the Marks in commerce. Opp'n at 3-7.

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8 **III. LEGAL STANDARD**

9 Entry of summary judgment is proper "if the movant shows that
10 there is no genuine dispute as to any material fact and the movant
11 is entitled to judgment as a matter of law." Fed. R. Civ. P.
12 56(a). Summary judgment should be granted if the evidence would
13 require a directed verdict for the moving party. Anderson v.
14 Liberty Lobby, Inc., 477 U.S. 242, 251 (1986). The moving party
15 bears the initial burdens of production and persuasion. Nissan
16 Fire & Marine Ins. Co., Ltd. v. Fritz Companies, Inc., 210 F.3d
17 1099, 1102 (9th Cir. 2000).

18 "In order to carry its burden of production, the moving party
19 must either produce evidence negating an essential element of the
20 nonmoving party's claim or defense or show that the nonmoving party
21 does not have enough evidence of an essential element to carry its
22 ultimate burden of persuasion at trial." Id. "In order to carry
23 its ultimate burden of persuasion on the motion, the moving party
24 must persuade the court that there is no genuine issue of material
25 fact." Id. A genuine issue for trial exists if the non-moving
26 party presents evidence from which a reasonable jury, viewing the
27 evidence in the light most favorable to that party, could resolve
28 the material issue in his or her favor. Anderson, 477 U.S. at 248-

1 49.

2 The Ninth Circuit has instructed that "[b]ecause of the
3 intensely factual nature of trademark disputes, summary judgment is
4 generally disfavored in the trademark arena." Rearden LLC v.
5 Rearden Commerce, Inc., 683 F.3d 1190, 1202 (9th Cir. 2012)
6 (quoting Interstellar Starship Servs., Ltd. v. Epix, Inc., 184 F.3d
7 1107, 1109 (9th Cir. 1999)); see also Levi Strauss & Co. v. Blue
8 Bell, Inc., 778 F.2d 1352, 1356 n.5 (9th Cir. 1985).

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10 **IV. DISCUSSION**

11 The Marks at issue here are service marks. The Lanham Act
12 provides the definition of a service mark:

13 The term "service mark" means any word,
14 name, symbol, or device, or any combination
thereof --

15 (1) used by a person, or
16 (2) which a person has a bona fide
intention to use in commerce and
applies to register . . .

17 to identify and distinguish the services of
18 one person, including a unique service, from
the services of others and to indicate the
source of the services, even if that source
is unknown.

19
20 15 U.S.C. § 1127. A service mark is virtually identical to a
21 "trademark," but a trademark identifies goods, and a service mark
22 identifies intangible services. Id.; Aycock Eng'g, Inc. v.
23 Airflite, Inc., 560 F.3d 1350, 1356 (9th Cir. 2009).

24 Both trademarks and service marks are governed by the same
25 statutory criteria for registration and validity. Aycock, 560 F.3d
26 at 1357. One such criterion is the "use in commerce" prerequisite
27 to registration under the Lanham Act. Id. "In short, a mark shall
28 be deemed to be in use in commerce . . . on services when it is

1 used or displayed in the sale or advertising of services and the
2 services are rendered in commerce." Rearden, 683 F.3d at 1204
3 (citing 15 U.S.C. § 1127) (internal quotation marks omitted). This
4 requirement has two parts: "(1) an element of actual use, and (2)
5 an element of display." Chance v. Pac-Tel Teletrac, Inc., 242 F.3d
6 1151, 1159 (9th Cir. 2001).

7 In determining whether a service mark meets the Lanham Act's
8 use in commerce requirement, district courts within the Ninth
9 Circuit are to employ a "totality of the circumstances" test that
10 considers not only the actual sales activity under the trademark or
11 service mark, but also non-sales activity:

12 In applying this approach, the district
13 courts should be guided in their
14 consideration of non-sales activities by
15 factors we have discussed, such as [1] the
16 genuineness and commercial character of the
17 activity, [2] the determination of whether
18 the mark was sufficiently public to identify
19 or distinguish the marked service in an
20 appropriate segment of the public mind as
21 those of the holder of the mark, [3] the
scope of the non-sales activity relative to
what would be a commercially reasonable
attempt to market the service, [4] the
degree of ongoing activity of the holder to
conduct the business using the mark, [5] the
amount of business transacted, and [6] other
similar factors which might distinguish
whether a service has actually been
"rendered in commerce."

22 Chance, 242 F.3d at 1159. Actual sales of a service, while
23 important, are therefore not required for a service mark to meet
24 the "use in commerce" requirement, though at the other end of the
25 spectrum, mere advertisement or preparation for use does not
26 suffice. See id.; see also Rearden, 683 F.3d at 1204; Brookfield
27 Commc'ns, Inc. v. West Coast Entm't Corp., 174 F.3d 1036, 1052 (9th
28 Cir. 1999). Moreover, once a mark has been federally registered,

1 there attaches a *prima facie* presumption of validity that can be
2 rebutted by a preponderance of evidence showing invalidity. See
3 Brookfield, 174 F.3d at 1047.

4 Keeping in mind the Ninth Circuit's instruction that the
5 "intensely factual nature of trademark disputes" means that summary
6 judgment "is generally disfavored in the trademark arena," Rearden,
7 683 F.3d at 1202, and drawing all inferences in the non-movant
8 Defendant's favor, the Court finds that there are genuine, disputed
9 issues of material fact as to the definitions of Defendant's
10 services. See, e.g., Opp'n at 2-4; Reply at 9-12. Specifically,
11 the parties' dispute over the definitions of "retail" and "on-line"
12 in Defendant's SOUs could reasonably be resolved in favor of either
13 party. See Nissan Fire, 210 F.3d at 1102.

14 The Court also finds that there are genuine, disputed issues
15 concerning whether, under the Ninth Circuit's "totality of
16 circumstances" standard, Defendant's sales- and non-sales-related
17 activities meet the "use in commerce" requirement for service mark
18 registration. See Chance, 242 F.3d at 1159. Plaintiffs argue that
19 all of the evidence concerning Defendant's Marks and the Retro
20 Department Stores website, as well as the USPTO's ongoing office
21 action concerning the validity of the "Abraham & Straus" Mark,
22 makes clear that Defendant's activities concerning the Marks
23 pertain to possible future uses, and that Defendant has never
24 actually rendered any services under the Mark. See Mot. at 9-14;
25 Reply at 12-14. Defendant responds in relevant part that its
26 activities in their totality are cognizable preparatory activities
27 under the Lanham Act, and that its on-line activities were indeed
28 uses in commerce. See Opp'n at 3-8. Based on the evidence that

1 the parties provided, as well as the arguments in their briefs,
2 the Court finds that Plaintiffs fail to meet their burden on these
3 points as well.

4 In total, Plaintiffs have not persuaded the Court that there
5 are no material issues of fact for trial. A reasonable jury,
6 reviewing the evidence that the parties have provided up to this
7 point and regarding the evidence in the light most favorable to
8 Defendant, could resolve the instant matter in Defendant's favor.
9 Anderson, 477 U.S. at 248-49.

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11 **V. CONCLUSION**

12 For the reasons described above, the Court DENIES Plaintiffs
13 Macy's, Inc. and Macys.com, Inc.'s motion for summary judgment
14 against Defendant Strategic Marks, LLC.

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16 IT IS SO ORDERED.

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18 Dated: March 19, 2013



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UNITED STATES DISTRICT JUDGE